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For Immediate Release
December 20, 2017

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Senator Bettencourt says Homes Up To \$500,000 In Value Can Still Get Full Property Tax Deduction
Senate Select Committee on Property Tax Reform Chairman will be analyzing the federal tax bill, but says middle class taxpayers are clearly covered by the legislation

Houston - Texas Senate Select Committee on Property Tax Reform Chairman Paul Bettencourt (R-Houston) reacted today to the passage of the Tax Cuts and Jobs Act of 2017 by the United States Congress. The legislation passed by a margin of 224-201 in the House of Representatives and a 51-48 margin in the United States Senate. Chairman Bettencourt has been getting calls about how big of a Texas home, in value, is still covered under this act.

"Clearly a home worth between \$400,000 to \$500,000 in value, depending upon optional homestead exemptions should allow for a property taxpayer to write off 100% of their property tax payment on their federal income tax return," said Chairman Bettencourt. **"As we do not have a state income tax, and depending on whether a taxpayer uses the new doubled standard exemption, or the itemized income tax exemption, middle class property tax payment deductions are covered under the tax bill."**

The bill keeps in place a \$10,000 deduction for state and local taxes which means that a Texas homeowner, depending on their particular exemptions, will still be able to take full advantage of the federal property tax deduction on their taxes. The average property tax rate in Texas is approximately \$2.48 per \$100 of value, and the State of Texas gives all homesteads a \$25,000 ISD deduction, with several taxing entities offering up to a 20% option homestead exemption as well. Depending on the homeowner's exemption status, taxpayers will continue to be able to fully deduct their property tax payments from their federal tax returns up to home values between \$400,000 to \$500,000 on average, by Senator Bettencourt's calculation. **"In major metropolitan areas the value of an average home in Texas is approximately \$248,000, so this estimated limit is nearly twice the value of an average home in Texas,"** he added. Note that the legislation also lowered the mortgage interest deduction on new loans up to \$750,000 in value, however the million dollar exemption on older homes remains intact.

The "Cruz Amendment", authored by Senator Ted Cruz (R-Texas) expands tax-exempt 529 accounts that could previously only be used to help pay for college expenses. The new legislation allows these accounts to be used, for up to \$10,000 a year per child, for tuition for students in private and parochial schools for grades K-12. In a 529 plan contributions are made using after-tax dollars, however the growth of this money is tax free.

"I have always said that I want all taxpayers to legally pay their lowest possible tax or government fees," said Senator Bettencourt. **"As Chairman of the Senate Select Committee on Property Tax Reform, we will be studying the Texas tax code in order to maximize deductions and exemptions for all Texans, however it is clear that this federal tax reform legislation covers middle class taxpayers in Texas."**

Senator Bettencourt expects that after a thorough review and analysis of the federal tax reform legislation that additional interim charges could be forthcoming from Lt. Governor Patrick before the upcoming 2019 legislative session.

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